



## **FEDERAL RESERVE SYSTEM**

### **Proposed Agency Information Collection Activities; Comment Request**

**AGENCY:** Board of Governors of the Federal Reserve System

**SUMMARY:** On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), pursuant to 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

**DATES:** Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

**ADDRESSES:** You may submit comments, identified by *FR 1379*, *FR 2436*, *FR 3036*, *FR 4001*, by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20<sup>th</sup> Street and Constitution Avenue, N.W., Washington, DC 20551.

All public comments are available from the Board's web site at [www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm](http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm) as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-500 of the Board's Martin Building (20th and C Streets, N.W.) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer -- Shagufta Ahmed -- Office of Information and Regulatory Affairs,

Office of Management and Budget, New Executive Office Building, Room 10235, 725 17<sup>th</sup> Street, NW., Washington, DC 20503 or by fax to (202) 395-6974.

**FOR FURTHER INFORMATION CONTACT:** A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at:

<http://www.federalreserve.gov/boarddocs/reportforms/review.cfm> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer -- Cynthia Ayouch -- Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

**SUPPLEMENTARY INFORMATION:**

**Request for comment on information collection proposals**

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along with an analysis of comments and recommendations received,

will be submitted to the Board for final approval under OMB delegated authority.

Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

**Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following reports:**

1. *Report title:* Consumer Satisfaction Questionnaire, the Federal Reserve Consumer Help – Consumer Survey, the Consumer Online Complaint Form, and the Appraisal Complaint Form.

*Agency form number:* FR 1379a, FR 1379b, FR 1379c, and FR 1379d.

*OMB control number:* 7100-0135.

*Frequency:* Event generated.

*Reporters:* Consumers, appraisers, and financial institutions.

*Estimated annual reporting hours:* FR 1379a: 116 hours; FR 1379b: 167 hours; FR 1379c: 1,351 hours; FR 1379d: 100 hours.

*Estimated average hours per response:* FR 1379a: 5 minutes; FR 1379b: 5 minutes; FR 1379c: 10 minutes; FR 1379d: 30 minutes.

*Number of respondents:* FR 1379a: 1,391; FR 1379b: 2,001; FR 1379c: 8,107; FR 1379d: 200.

*General description of report:* This information collection is voluntary and is authorized by law pursuant to section 11(a) of the Federal Reserve Act (12 U.S.C. § 248(a), and sections 3(q) and 8 of the Federal Deposit Insurance Act (FDIC Act), 12 U.S.C. §§ 1813(Q) and 1818. Additionally the Federal Reserve is authorized to collect the information on the FR 1379d pursuant to section 1103 of the Financial Institutions and Reform, Recovery, and Enforcement Act, which authorizes the Federal Financial Institutions Examination Council-Appraisal Subcommittee to “perform research, as [it] considers appropriate,” for the purpose of carrying out its duties, 12 U.S.C. 3335. The FR 1379a is not considered confidential. The FR 1379b collects the respondent’s name and the respondent

may provide other personal information and information regarding his or her complaint. The FR 1379c collects the respondent's third-party representative if the respondent has such a representative. The proposed FR 1379d would collect the respondent's name and the respondent may provide other personal information and information regarding his or her complaint. Thus, some of the information collected on the FR 1379b, FR 1379c, and FR 1379d may be considered confidential under the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), (b)(7)).

*Abstract:* The FR 1379a questionnaire is sent to consumers who have filed complaints with the Federal Reserve against state member banks. The information is used to assess their satisfaction with the Federal Reserve's handling and written response to their complaint at the conclusion of an investigation. The FR 1379b questionnaire is sent as needed to consumers who contact the FRCH to file a complaint or inquiry. The information is used to determine whether consumers are satisfied with the way the FRCH handled their complaint. Consumers use the FR 1379c to electronically submit a complaint against a financial institution to the FRCH.

*Current Actions:* The Federal Reserve proposes to revise the FR 1379 by implementing a new voluntary Appraisal Complaint Form (FR 1379d). The FR 1379d would collect information about complaints regarding a regulated

institution's non-compliance with the appraisal independence standards and the Uniform Standards of Professional Appraisal Practice,<sup>1</sup> including complaints from appraisers, individuals, financial institutions, and other entities. The information collected is necessary so that the federal agencies<sup>2</sup> may better assist the Federal Financial Institutions Examination Council-Appraisal Subcommittee (FFIEC-ASC)<sup>3</sup> in its efforts to implement Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>4</sup> that requires a national hotline be established for appraisal related complaints.

2. *Report title:* Semiannual Report of Derivatives Activity.

*Agency form number:* FR 2436.

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<sup>1</sup> [www.appraisalfoundation.org](http://www.appraisalfoundation.org).

<sup>2</sup> "Agencies" include the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, National Credit Union Administration, and Consumer Financial Protection Bureau.

<sup>3</sup> Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 amended the FIRIRCA Act of 1978 to create the ASC "within" the FFIEC on August 9, 1989. Per Title XI, the ASC's mission is to monitor federal, state, and appraisal industry initiatives relative to the appraisal process at federally regulated financial institutions and maintain a national registry of appraisers eligible to perform appraisals for federally related real estate transactions. As an independent FFIEC subcommittee, the ASC is funded by fees collected through the registry. The ASC board has seven members, one from each of these agencies: OCC, FRB, FDIC, NCUA, CFPB, FHFA and U.S. Department of Housing and Urban Development (HUD). The ASC website may be found at [www.asc.gov/Home.aspx](http://www.asc.gov/Home.aspx).

<sup>4</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act § 1473, Pub. L. 111-203, 124 Stat. 1376, July 21, 2010.

*OMB control number:* 7100-0286.

*Frequency:* Semiannually.

*Reporters:* U.S. dealers of over-the-counter derivatives.

*Estimated annual reporting hours:* 2,120 hours.

*Estimated average hours per response:* 212 hours.

*Number of respondents:* 5.

*General description of report:* This information collection is voluntary (12 U.S.C. §§ 225a, 248(a), 348(a), 263, and 353-359) and is given confidential treatment under the Freedom of Information Act (5 U.S.C. §552(b)(4)).

*Abstract:* This collection of information complements the triennial Survey of Foreign Exchange and Derivatives Market Activity (FR 3036; OMB No. 7100-0285). The FR 2436 collects similar data on the outstanding volume of derivatives, but not on derivatives turnover. The Federal Reserve conducts both surveys in coordination with other central banks and forwards the aggregated data furnished by U.S. reporters to the Bank for International Settlements (BIS), which publishes global market statistics that are aggregations of national data.

*Current Actions:* The Federal Reserve proposes to revise the FR 2436 by collecting additional data on credit default swaps (CDS) counterparties in Table 4E. Following the broad expansion of CDS data collected on the report and implemented during 2010 and 2011, it was determined that the data on location of



CDS counterparties needed further refinement in order to align the data collection with current BIS standards and to improve the interpretive power of the CDS counterparty data.

3. *Report title:* Central Bank Survey of Foreign Exchange and Derivative Market Activity.

*Agency form number:* FR 3036.

*OMB control number:* 7100-0285.

*Frequency:* One-time.

*Reporters:* Financial institutions that serve as intermediaries in the wholesale foreign exchange and derivatives market and dealers.

*Estimated annual reporting hours:* Turnover Survey, 2,275 hours; Outstandings survey, 210 hours.

*Estimated average hours per response:* Turnover Survey, 65 hours; Outstandings survey, 70 hours.

*Number of respondents:* Turnover Survey, 35; Outstandings survey, 3.

*General description of report:* This information collection is voluntary (12 U.S.C. §§ 225a and 263) and is given confidential treatment (5 U.S.C. § 552(b)(4)).

*Abstract:* The FR 3036 is the U.S. part of a global data collection that is conducted by central banks once every three years. More than 50 central banks plan to conduct the survey in 2013. The BIS compiles aggregate national data from each

central bank to produce global market statistics. The Federal Reserve System and other government agencies use the survey to monitor activity in the foreign exchange and derivatives markets. Respondents also use the published data to gauge their market share.

*Current actions:* The Turnover portion would cover approximately 35 market-making financial institutions. The Derivatives Outstanding portion would cover only three firms because it is collected (on a fully consolidated basis) only from derivatives dealers that are headquartered in the United States and that do not report the FR 2436 and because market-making in OTC derivatives is more concentrated than in foreign exchange. The Federal Reserve Bank of New York plans to invite the three institutions targeted for the Derivatives Outstanding portion of the survey to participate instead on the FR 2436 beginning in June 2013, in which case the Derivatives Outstanding portion of the survey would not be conducted in 2013.

Differences between the proposed survey and the 2010 survey are:

1. A more detailed counterparty breakdown for “other financial institutions” for credit default swap reporting would be added to the Outstanding survey to be consistent with the FR 2436. The growth in the credit derivative market has made these data an important component of understanding the structure and activity of the overall over-the-counter derivatives market.

2. The Canadian dollar would be added in tables for foreign exchange and interest rate derivatives on the Outstanding survey to be consistent with the FR 2436 and to align with the BIS global reporting requirements.
3. An additional 18 currency pairs would be added in tables for foreign exchange transactions on the Turnover survey, accompanied by full instrument and counterparty breakdowns. This change would facilitate reporting of currency pairs in carry trade strategies and ensure comprehensive identification of turnover in all participating countries' currencies.
4. A new item "of which non-deliverable" would be added under the total of "outright forwards" for six emerging market currency pairs opposite the U.S. dollar that have significant non-deliverable forward (NDF) volumes, and for the total amount of NDFs included under "outright forwards." In prior surveys, NDF turnover was captured under "outright forwards." With some previously non-deliverable currencies now being traded in deliverable forms, this new item will help distinguish between their deliverable and non-deliverable forward turnover. These data will provide insight into turnover in currencies for which there is not a deliverable market offshore due to limitations placed on such activity by local market authorities.
5. The counterparty breakdown would be modified to add more granularity to the "other financial institutions" category for the foreign exchange section of the

Turnover survey. Other financial institutions would be split according to their primary business activity into non-reporting banks, institutional investors, hedge funds and proprietary trading firms, and official sector financial institutions, Other, and Undistributed.<sup>5</sup> This additional granularity would provide better information on the contribution of the different types of other financial institutions, which have accounted for a large part of the growth in foreign exchange turnover in recent years, to foreign exchange market growth more explicitly.

6. A new item “of which prime brokered” would be added to the foreign exchange section of the Turnover survey to capture deals done via prime brokerage relationships for the reported totals for each instrument and currency pair. This would help assess the extent to which prime brokerage adds to foreign exchange turnover and which instruments and currencies are favored by prime brokerage customers. It will also add some insight to the geographic distribution of prime brokerage activity. Only survey respondents that act as foreign exchange prime brokers will need to report this item.
7. A new item “of which retail driven” would be added to the reported totals for each instrument and currency pair for the foreign exchange section of the

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<sup>5</sup> “Undistributed” was added to prepare for the possibility that some reporting dealers may be technically incapable of reporting in full the new breakdowns under “other financial institutions.” This entry captures the amount of “other financial institutions” turnover that fails to be allocated into one of the sub-categories above.

Turnover survey. This new item will capture transactions with wholesale financial counterparties that cater to retail investors as well as direct transactions with non-wholesale investors. This would help assess the extent to which retail customers contribute to the turnover between dealers and could provide insight in to the geographic distribution of retail investors and the instrument and currencies preferred by retail investors.

8. The Execution Method schedule on the Turnover survey would be modified to breakdown execution methods for foreign exchange turnover by instrument (spot, forward, swaps, and option) and counterparty (reporting dealers, other financial institutions, and non-financial institutions). The enhanced breakdown of the execution method categories better reflects current market practices and simultaneously disentangles execution methods from counterparty types.

Execution would be reported as:

- a. Voice-Direct - not intermediated by a third party
- b. Voice-Indirect - intermediated by a third party
- c. Electronic-Direct - not intermediated by a third party
  - i. Single bank proprietary trading system (electronic-direct)
  - ii. Other (electronic-direct) such as: Reuters Conversational Dealing, Bloomberg, etc.

- d. Electronic-Indirect - intermediated by a third party electronic platform,  
i.e., via a matching system
    - i. Reuters Matching or Electronic Broking Services (EBS) – major electronic trading platforms that are geared towards the interdealer market
    - ii. Other electronic communication networks (ECNs) – multi-bank dealing systems such as Currenex, FXall, Hotspot, Bloomberg Tradebook, etc.
    - iii. Other (electronic-indirect)
  - e. Undistributed - captures the amount of turnover for each instrument and counterparty that fails to be allocated into one of the aforementioned execution method categories.
9. The Turnover survey would add three quantitative questions on “retail driven” transactions asking for estimated percentage shares of transactions with “wholesale” counterparties, “non-wholesale” on-line transactions, and “non-wholesale” voice transactions.<sup>6</sup> This change would allow for the differentiation of turnover in the “non-financial customer” category of customer trades driven

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<sup>6</sup> For ease of reporting, the “non-wholesale” transactions excludes branch retail spot transactions, transfers of funds denominated in different currencies across any two accounts, and electronic transactions using ATM, credit card, and stored value transactions that are executed in a foreign currency. They would also exclude transactions conducted by retail clients as part of a commercial transaction even if denominated in a foreign currency.

by retail investors versus those that are wholesale driven. This would yield information useful to assess the extent to which retail investors contribute to turnover between dealers and their customers. It may also provide some insight into the currency pairs and methods of execution favored by retail investors.

10. The Turnover survey would add three quantitative questions on algorithmic and high frequency trading asking for estimated percentage shares of these types in spot turnover reported with hedge funds and proprietary trading firms for all currency pairs, major currency pairs and non-major currency pairs. This change would allow for estimates of the growth in foreign exchange turnover due to high frequency trading, which has expanded rapidly in recent years. As high frequency trading is a general trading style adoptable by any firm with access to the relevant technology, it is not practical to capture this activity under a single counterparty category.

**Proposal to approve under OMB delegated authority the extension for three years, without revision, of the following report:**

*Report title:* Domestic Branch Notification.

*Agency form number:* FR 4001.

*OMB control number:* 7100-0097.

*Frequency:* On occasion.

*Reporters:* State member banks (SMBs).

*Estimated annual reporting hours:* 501 hours.

*Estimated average hours per response:* 30 minutes for expedited notifications and 1 hour for nonexpedited notifications.

*Number of respondents:* 207 expedited and 397 nonexpedited.

*General description of report:* This information collection is mandatory per section 9(3) of the Federal Reserve Act (12 U.S.C. § 321). This requirement is implemented by the provisions of section 208.6 of the Board's Regulation H (12 C.F.R. § 208.6). The individual respondent information in the notification is not considered confidential.

*Abstract:* The Federal Reserve Act and Regulation H require an SMB to seek prior approval of the Federal Reserve System before establishing or acquiring a domestic branch. Such requests for approval must be filed as notifications at the appropriate Reserve Bank for the SMB. Due to the limited information that an SMB generally has to provide for branch proposals, there is no formal reporting form for a domestic branch notification. An SMB is required to notify the Federal Reserve by letter of its intent to establish one or more new branches and provide with the letter evidence that public notice of the proposed branch(es) has been published by the SMB in the appropriate newspaper(s). The Federal Reserve uses the information provided to fulfill its statutory obligation to review any public



comment on proposed branches before acting on the proposals and otherwise to supervise SMBs.

Board of Governors of the Federal Reserve System, November 8, 2012.

Robert deV. Frierson,  
Secretary of the Board.  
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